



Representative  
**LARRY  
CROUSE**

Representative  
**LYNN  
SCHINDLER**



## Focus on Energy

From the Desk of



Representatives Larry Crouse & Lynn Schindler

Dear friends & neighbors,

As your legislators, we want to represent the best interests of the Spokane Valley in Olympia, as well as be a resource for you about the important issues facing our community.

Right now, we are experiencing an electricity shortage that is reaching a crisis, and we're concerned that we keep level heads as we address this important issue.

The incredible economic growth and prosperity we have experienced came at a cost. The high-tech industries that fueled the economic surge rank among the most electricity-dependent and consume vast amounts of power. Add to that the 21-percent jump in our state's population in the 1990s, and it's easy to see why electricity demand is so high. Unfortunately, during this same period, Washington failed to make a major commitment to new energy production. The nearly record dry year we are experiencing has served to compound the problem, and has amplified the need for new generation.

The increasing energy costs are a real threat to the region. Washington families are losing their jobs at manufacturing plants – Kaiser and other aluminum plants in the Spokane region are a prime example. Dairy farmers and other small businesses are being threatened. And citizens are getting hit with enormous increases in their electric bills – increases that low-income families and senior citizens especially find hard to afford. The governor's call for conservation and price caps is definitely not the answer.

Washington desperately needs an energy policy that facilitates new production, because without a serious commitment to developing new power sources this problem will continue well into the future.

That is why we're supporting a balanced and comprehensive solution to address the energy shortage, which includes encouraging the building of new power plants, encouraging energy conservation and helping low-income families being hurt by the increasing electricity costs.

We hope you will use the information in this newsletter to better understand the current energy situation, as well as to help you conserve electricity and save on your next utility bill.

If you have any questions about the issues being addressed in Olympia, please give us a call. By the way, if you're ever in Olympia during the legislative session, please stop by and visit.

Sincerely,

*Larry Crouse*  
*Lynn Schindler*

### **ENERGY ASSISTANCE AVAILABLE**

For those families and individuals who are struggling to pay their electricity bills this spring, there is help available. We passed legislation to provide low-income energy assistance. If you have questions, please contact the Spokane Neighborhood Assistance Program at (509) 456-7111. Information can also be obtained from local utilities, or citizen action networks that distribute the energy assistance funds.

## Representative **LARRY CROUSE**

## Representative **LYNN SCHINDLER**

### **What now!**

The combination of extremely high wholesale electricity prices, a tight West Coast power supply and extremely low stream flows in the Columbia Basin presents an unprecedented challenge to the region's "power system." Should these trends continue, this combination of extreme conditions could force painful decisions.

It is clear that the region is confronted with difficult, even agonizing, choices. For the rest of this year, we must deal with tradeoffs involving power system reliability, fish enhancement measures and reservoir elevations.

The market, however, is already beginning to correct the long-term problem. Power generators from across the country are beginning the process of building new power plants, ranging from wind farms to gas-fired generators. See the attached map to get an idea of the progress that private industry is making.

Three factors are contributing to this year's unusual circumstances. Each factor alone could cause considerable power problems in the Northwest, but the combination is particularly difficult.

### **Not enough water**

Stream flows are the lifeblood of the region's hydro system. They are important to the survival of endangered salmon and steelhead that migrate to the sea during the spring and summer months. They also produce hydro-power generation.

The current crisis is one of fuel supply, and for us that means water because the system runs on water, and right now the water supply in the Columbia River Basin is low. At the end of February, the National Weather Service River Forecast Center revised downward its forecast of the volume of Columbia Basin water runoff for 2001 to only 55 percent of normal, the second-lowest runoff in the 72-year record of this measurement.

Precipitation so far this winter is 63 percent of normal. Columbia River runoff between January and July is predicted to be only 68 percent of normal. Without normal or above-normal rainfall for the remainder of the winter and spring, the power supply will be stressed even more than it is already.

Given the lack of additional power supplies in the market, we're concerned about potential circumstances (e.g. loss of a major generating facility) where we would have inadequate power supplies.



*Rep. Crouse represents the 4th District in the Legislature.*

### **West Coast power supply problems**

No doubt you have heard about the difficult power supply situation in California where power emergencies have become an almost daily occurrence, even to the extent of rolling black-outs in some areas.

Since the 1950s, power has been imported from California during winter months when Northwest electricity demand tends to be highest. This year, though, California needed additional power from us to help it cope with its frequent power emergencies. Other sources of power, such as Canada, also have much less to export than in past years. This lack of available supply, along with the drought, is coupling to create the bulk of our energy shortage in the Northwest.

### **An unpredictable power market**

The tight West Coast energy supply has driven wholesale power prices higher than anyone thought possible, and this isn't expected to change in the short term. To put prices in perspective, note that historic Northwest wholesale electricity prices have rarely been above \$30 a megawatt-hour. But now we are seeing prices in the range of \$200 to \$300 a megawatt-hour. At one point in January, wholesale power prices climbed to more than \$1,000 a megawatt-hour. Faced with cold temperatures and high electricity demand, BPA spent \$50 million on power purchases in just four days this winter. These kinds of prices signal that there may not be enough power available at any price to keep the lights on during certain periods.

# UNDERSTANDING WASHINGTON'S ENERGY PREDICAMENT

## Energy Resources on the Web

### Energy Efficiency and Renewable Energy Network U.S. Department of Energy

[www.eren.doe.gov/consumerinfo](http://www.eren.doe.gov/consumerinfo)

Comprehensive information on saving energy both in your home and at work.

### Home Energy

[www.homeenergy.org](http://www.homeenergy.org)

Information on energy conservation at work.

### Energy Quest

[www.energy.ca.gov/education](http://www.energy.ca.gov/education)

This Web site for children is a great place for grade school students to visit when doing research for school projects or just to understand energy issues better.

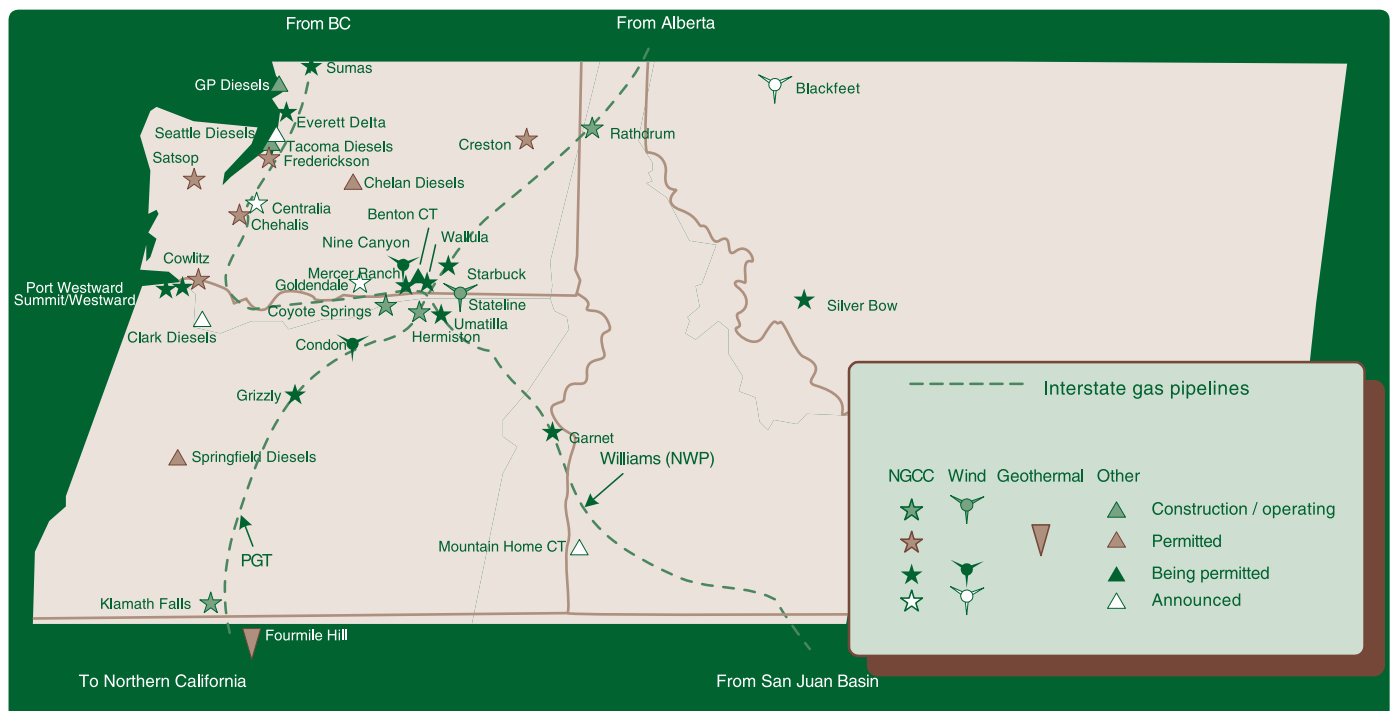
### The Building and Home Improvement Products Network

[www.build.com](http://www.build.com)

The Build.com site contains energy conservation information for homeowners, contractors, service professionals, and anyone involved in construction and home improvement.



*Rep. Schindler with Tyler Tupper, 15, of Spokane, who served as a House page this year.*





## **Q: Where does Washington power come from?**

### **A: Bonneville Power Administration**

BPA in brief: The Bonneville Power Administration is a federal agency, under the U.S. Department of Energy, that markets wholesale electrical power and operates and markets transmission services in the Pacific Northwest. The power comes from 31 federal hydro projects, one nonfederal nuclear plant and several other nonfederal power plants. About 45 percent of the electric power used in the Northwest comes from BPA. BPA's transmission system accounts for about three-quarters of the region's high-voltage grid, and includes major transmission links with other regions.

BPA, established in 1937, is a self-funding agency, which pays for its costs through power and transmission sales. Both power and transmission are sold at cost, and BPA repays any borrowing from the U.S. Treasury with interest. About 80 percent of the power BPA sells is hydroelectric. BPA also funds the region's efforts to protect and rebuild fish and wildlife populations in the Columbia River Basin, spending nearly \$2 billion. Since 1981, BPA has saved 750 average megawatts of energy through its conservation programs.

BPA's customers include publicly owned and investor-owned utilities, as well as some large industries. BPA also sells or exchanges power with utilities in Canada and the western United States. BPA service area Oregon, Washington, Idaho, western Montana and small portions of Wyoming, Nevada, Utah, California and eastern Montana. Service area size (square miles) 300,000.



## **Rep. Crouse's comprehensive energy package signed into law**

The comprehensive energy reform package sponsored by Rep. Crouse, co-chairman of the House Technology, Telecommunications and Energy Committee, has been signed into law by the governor. House Bill 2247 contains both short- and long-term solutions by combining sensible conservation measures with a focus on new power generation.

This energy package is an essential step towards a long-term, comprehensive energy policy for Washington, putting Washington's citizens, economy and environment first. We need to make responsible investments in proven technologies, and that means investing in those technologies we know will work and will produce cost-effective power.

The permit streamlining will help attract new power plants to our state and the tax credit to the aluminum companies for building on-site power sources will free up huge amounts of power for the rest of the state. This package gives Washington greater control of its own destiny.

Key components of the comprehensive House energy package include:

- **EFSEC reform:** permit streamlining for new power generation -- Allows larger power plants to be built without a slow and complicated permitting process.
- **Tax credit for building on-site power plants --** Encourages the aluminum companies to build their own on-site power plants to free up additional power for everyone else.
- **Low-income energy assistance --** Helps low-income families and seniors with the huge power bills.
- **Energy efficient buildings --** Encourages energy efficient state and public school buildings.
- **Option for alternative energy resources --** Requires utilities to provide a voluntary option to customers to buy power from alternative energy sources.
- **Tax credit on pollution controls for older power plants --** Because of regulations, older power plants can only operate a portion of the day. Pollution controls will allow them to operate for longer periods each day.

The low-income energy assistance is important part of this package. With the skyrocketing utility bills starting this winter, our seniors and families on the margin need relief. This bill adds \$2.5 million in relief for those in need.

# The Northwest Power Planning Council Power Council looks at the West Coast energy situation

## The Northwest Power Planning Council has identified five key events as contributing to the West Coast energy situation:

1. The wholesale power market created by California's electricity restructuring is dysfunctional, needs fixing and has contributed to high electricity prices throughout the West.
2. Construction of new power plants, and new conservation and renewable resources during the last decade did not keep pace with growing demand for electricity. In the Northwest, for example, demand for electricity grew 24 percent in the past decade while generating capacity expanded by only 4 percent. When California is factored in, the gap between demand and supply is even greater.
3. Below-average rainfall and snow pack in 2000 contributed to poor hydropower conditions in the Northwest. Snow pack runoff is predicted to be 68 percent of normal this year; the elevation of Lake Roosevelt behind Grand Coulee Dam is the lowest in 25 years.
4. The price of natural gas, the fuel of choice for thermal power plants in the Northwest, had doubled last summer and now is over three times the price it was last year at this time.
5. Some California power plants had to shut down for unplanned or scheduled maintenance or because they violated air quality regulations.

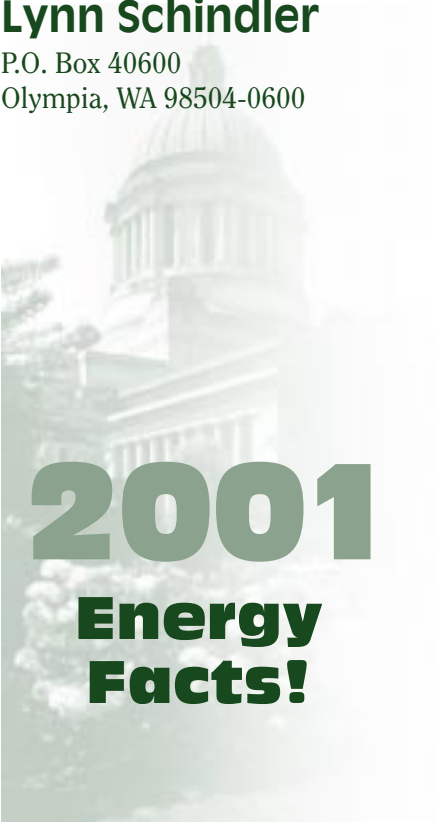
Based on its analysis of current conditions, the Council has developed recommendations for easing the crisis:

- Treat electricity like a commodity and make changes to the electricity market to minimize the risk of high prices. Long-term contracts for electricity power supplies can help keep prices down.
- Look for opportunities to develop new generating plants in the Northwest marketplace.
- Explore options for encouraging both home and commercial off-peak use of electricity to reduce or shift electricity loads during the high-cost peak periods.
- California needs to fix the parts of its 1997 utility restructuring law that are not working.
- Develop better information about electricity power use in the Northwest to improve decision-making and reduce the potential for panic in the electricity market.
- Western utilities need a workable procedure for dealing with emergencies when they develop, like the procedure developed and successfully implemented this winter by the Emergency Response Team, a consortium of Northwest utilities, Bonneville and the Power Planning Council.
- Finally, we all need to continue our efforts to use energy more efficiently and encourage conservation.



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# 2001

## Energy Facts!

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